



**MERIDIAN**  
PROPERTY COMPANY  
BUILDING FOR LIFE

Date: April 17, 2014

To: Mr. Scott Jackson  
Houlihan Lokey  
123 N. Wacker Drive, 4<sup>th</sup> Floor  
Chicago, IL 60606

**RE: Offer to Purchase Daughters of Charity Health System-Medical Office Buildings**

1. **BUYER:** Meridian Property Ventures, LLC ("Buyer")
2. **SELLER:** Daughters of Charity Health System ("Seller")
3. **PROPERTY:** A Portfolio of eight (8) properties located in Northern California consisting of the following, (hence, the "Property")

**O'Connor Hospital MOB's:**

1. 2101 Forest Ave San Jose CA (APN - **274-40-081**)  
Clarmar Building: 2030 Forest Ave, San Jose (APN - 274-58-020 ) 13,000 SF
2. Barclay Building Medical Office Condo: 2039 Forest Ave,  
Unit B2 (APN - 274-60-013) 753 SF
3. 204 (APN - 274-60-015 ) 2,791 SF

**Seton Medical Center MOB's**

4. SMOC#1: 1800 Sullivan Ave, Daly City 008-084-470
5. SMOC#2: 1850 Sullivan Ave, Daly City, CA 94015 008-084-460
6. 1500 Southgate Ave, Daly City (APN - 008-521-110 )
7. 18550 Saint Louise Dr. Morgan Hill, (APN - **28-31-013 02**)

Please note that the Buyer's preference is to acquire the eight (8) properties located in Northern California as outlined above. Buyer is willing to acquire the entire MOB portfolio if it is the wish of the Seller not to break up the portfolio.

4. **PURCHASE PRICE:** Fifty-one million, five hundred thousand dollars (\$51,500,000).
5. **CONDITION OF IMPROVEMENTS:** The Property shall be delivered to Buyer at the Close of Escrow in its existing condition, fee simple condition.
6. **INITIAL DEPOSIT:** Upon opening of Escrow, Buyer will deposit \$500,000 ("Initial Deposit") in Escrow, which will be refunded in the event that any of the conditions are not waived or satisfied within the prescribed time frame.

4/17/2014



**MERIDIAN**  
PROPERTY COMPANY  
BUILDING FOR LIFE

- 7. PURCHASE & SALE AGREEMENT:** Within ten (10) days of acceptance of this proposal, Seller will prepare a Purchase and Sale Agreement ("PSA") for mutual execution by Buyer and Seller. Upon execution of the PSA ("Effective Date"), Buyer shall open escrow with First American Title.
- 8. DUE DILIGENCE:** Buyer is granted a period of Forty-Five (45) days from the latter of either the Effective Date or from the receipt of the DD materials ("Due Diligence Period") to conduct any and all physical, governmental, economic and environmental evaluation that Buyer deems necessary to make a determination of whether the project is suitable for its intended purpose.
- 9. INCREASED DEPOSIT:** If the Property is acceptable to Buyer, Buyer will provide Seller with written acceptance during the due diligence period and deposit an additional amount of \$500,000 ("Increased Deposit") into Escrow (such Initial Deposit and Increased Deposit, the "Deposit"). The Deposit shall then become non-refundable, remain in escrow and be applicable to the Purchase Price.
- 10. LEASES & CONTRACTS:** From the Effective Date until the Close of Escrow, Buyer shall have the right to review and approve of proposed new leases, terminations, surrenders, renewals, subleases, assignments or other transfers or amendments to existing leases and maintenance contracts materially affecting the Property.
- 11. FINANCING CONTINGENCY:** None.
- 12. ESTOPPEL CERTIFICATES:** Seller shall provide Buyer with tenant signed estoppel certificates for each of the tenants in the Property.
- 13. RENT & SECURITY DEPOSITS:** Upon the close of escrow, the security deposits for all tenants shall be credited to the Buyer and all rents and property taxes will be pro-rated as of the closing date.
- 14. 1031 EXCHANGE:** Buyer will cooperate with Seller's 1031 Exchange at no cost to Buyer.
- 15. CLOSE OF ESCROW:** Escrow shall close ("Close of Escrow") on or before the date ("Closing Date") which is thirty (30) days after the expiration of the Due Diligence Period.
- 16. TITLE INSURANCE & OTHER FEES** On the closing date, Title Company shall deliver to Buyer, at Seller's expense, a CLTA Owner's Policy of Title Insurance insuring Buyer in the amount of the purchase price insuring marketable fee title vested in Buyer (or Buyer's Assigned Interest) subject only to the items disclosed by a current preliminary title report and specifically approved by Buyer during the Due Diligence Period. Should Buyer require an ALTA Owner's Policy Title Insurance, Buyer shall pay for any cost differences between the CLTA and ALTA policy. Transfer taxes, including both county and state transfer taxes, shall be paid by the Seller. All other title, escrow and other fees related to the transaction shall be split evenly between Buyer and Seller.

4/17/2014



**MERIDIAN**  
PROPERTY COMPANY  
BUILDING FOR LIFE

- 17. BROKERAGE FEE:** Buyer and Seller agree that there are no brokers, finders or intermediaries with whom they have dealt in connection with this transaction, and agree to indemnify each other against all claims for fees, commissions or other compensation claims to be due to any broker, finder or intermediary with whom the indemnifying party has dealt in connection with this transaction.
- 18. TIME** This proposal shall be in full force & effect until 5pm on April 30, 2014 at which time it shall become null & void.

This proposal is merely a statement of the terms upon which the parties may be interested in pursuing further negotiations concerning the property and is not intended to be a binding agreement. No binding agreements shall be created between the parties unless and until a full and final written agreement containing these and all other terms of the transaction, is prepared, reviewed and approved by the parties' respective counsel, if any, and mutually executed and delivered. Prior to delivery of the definitive executed agreement, and without any liability to the other party, either party may (1) propose different terms from those summarized herein, (2) enter into negotiations with other parties, or (3) unilaterally terminate all negotiations with the other party hereto. The parties hereto acknowledge that each may be negotiating simultaneously or concurrently with others for the same property or requirements.

**BUYER:**

Meridian Property Ventures, LLC

By: John Moutsanas

Date: 4/17/14

**AGREED AND ACCEPTED:**

**SELLER:**

Daughters of Charity Health System ("Seller")

By: Jim Spellman

Date: 4/17/14

By: \_\_\_\_\_ Date: \_\_\_\_\_